

(PRE-FILED)

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By: **Chairman, Finance Committee (Departmental - Insurance  
Administration, Maryland)**

Requested: July 27, 1998

Introduced and read first time: January 13, 1999

Assigned to: Finance

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A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance - Extension of Benefits**

3 FOR the purpose of requiring certain entities to extend certain health insurance  
4 benefits under certain circumstances; providing that the requirements do not  
5 apply if coverage is terminated due to an individual's failure to pay premiums;  
6 prohibiting the charging of a premium when health insurance benefits are  
7 extended; defining certain terms; and generally relating to the extension of  
8 health insurance benefits.

9 BY adding to  
10 Article - Health - General  
11 Section 19-706(ff)  
12 Annotated Code of Maryland  
13 (1996 Replacement Volume and 1998 Supplement)

14 BY adding to  
15 Article - Insurance  
16 Section 15-829  
17 Annotated Code of Maryland  
18 (1997 Volume and 1998 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
20 MARYLAND, That the Laws of Maryland read as follows:

21 **Article - Health - General**

22 19-706.

23 (FF) THE PROVISIONS OF § 15-829 OF THE INSURANCE ARTICLE SHALL APPLY  
24 TO HEALTH MAINTENANCE ORGANIZATIONS.

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**Article - Insurance**

2 15-829.

3 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
4 INDICATED.

5 (2) (I) "EXPENSE-INCURRED" MEANS THAT BENEFITS PAYABLE  
6 UNDER A POLICY ARE BASED ON THE MEDICAL EXPENSES OF THE INSURED.

7 (II) "EXPENSE-INCURRED" INCLUDES A POLICY THAT INCLUDES  
8 HOSPITAL INDEMNITY BENEFITS AND EXPENSE-INCURRED BENEFITS FOR  
9 PHYSICIAN SERVICES.

10 (3) "HOSPITAL INDEMNITY" MEANS THAT BENEFITS PAYABLE UNDER A  
11 POLICY ARE BASED ON FLAT FEES AN INSURER PAYS FOR EACH DAY AN INDIVIDUAL  
12 IS CONFINED IN A HOSPITAL REGARDLESS OF THE ACTUAL EXPENSES THE  
13 INDIVIDUAL INCURS DURING THE HOSPITAL CONFINEMENT.

14 (B) THIS SECTION APPLIES TO HEALTH BENEFIT PLANS ISSUED UNDER  
15 SUBTITLE 12 OF THIS TITLE.

16 (C) THIS SECTION DOES NOT APPLY IF COVERAGE IS TERMINATED BECAUSE  
17 AN INDIVIDUAL FAILS TO PAY A REQUIRED PREMIUM.

18 (D) DURING AN EXTENSION PERIOD REQUIRED UNDER THIS SECTION A  
19 PREMIUM MAY NOT BE CHARGED.

20 (E) (1) THIS SUBSECTION APPLIES TO:

21 (I) INSURERS AND NONPROFIT HEALTH SERVICE PLANS THAT  
22 PROVIDE HOSPITAL, MEDICAL, OR SURGICAL BENEFITS ON AN EXPENSE-INCURRED  
23 BASIS UNDER GROUP OR BLANKET HEALTH INSURANCE POLICIES THAT ARE ISSUED  
24 OR DELIVERED IN THE STATE; AND

25 (II) HEALTH MAINTENANCE ORGANIZATIONS THAT PROVIDE  
26 HOSPITAL, MEDICAL, OR SURGICAL BENEFITS UNDER CONTRACTS THAT ARE ISSUED  
27 OR DELIVERED IN THE STATE.

28 (2) IF AN INDIVIDUAL IS TOTALLY DISABLED WHEN THE INDIVIDUAL'S  
29 COVERAGE TERMINATES, AN ENTITY SUBJECT TO THIS SUBSECTION SHALL  
30 CONTINUE TO PAY BENEFITS FOR EXPENSES INCURRED BY THE INDIVIDUAL FOR  
31 THE CONDITION CAUSING THE DISABILITY UNTIL THE EARLIER OF:

32 (I) THE DATE THE INDIVIDUAL CEASES TO BE TOTALLY DISABLED;  
33 OR

34 (II) 12 MONTHS AFTER THE DATE COVERAGE TERMINATES.

35 (F) (1) THIS SUBSECTION APPLIES TO:

1 (I) INSURERS AND NONPROFIT HEALTH SERVICE PLANS THAT  
2 PROVIDE HOSPITAL, MEDICAL, OR SURGICAL BENEFITS ON AN EXPENSE-INCURRED  
3 BASIS UNDER INDIVIDUAL HEALTH INSURANCE POLICIES THAT ARE ISSUED OR  
4 DELIVERED IN THE STATE; AND

5 (II) HEALTH MAINTENANCE ORGANIZATIONS THAT PROVIDE  
6 HOSPITAL, MEDICAL, OR SURGICAL BENEFITS UNDER INDIVIDUAL CONTRACTS THAT  
7 ARE ISSUED OR DELIVERED IN THE STATE.

8 (2) IF AN INDIVIDUAL HAS A CLAIM IN PROGRESS WHEN THE  
9 INDIVIDUAL'S COVERAGE TERMINATES, AN ENTITY SUBJECT TO THIS SUBSECTION  
10 SHALL CONTINUE TO PAY BENEFITS RELATED TO THE CLAIM UNTIL THE EARLIER  
11 OF:

12 (I) THE DATE THE INDIVIDUAL IS RELEASED FROM THE CARE OF A  
13 PHYSICIAN FOR THE CONDITION THAT IS THE BASIS OF THE CLAIM; OR

14 (II) 12 MONTHS AFTER THE DATE COVERAGE TERMINATES.

15 (G) (1) THIS SUBSECTION APPLIES TO:

16 (I) GROUP, BLANKET, AND INDIVIDUAL POLICIES THAT LIMIT  
17 COVERAGE TO HOSPITAL OR SURGICAL BENEFITS ON AN EXPENSE-INCURRED BASIS;  
18 AND

19 (II) GROUP, BLANKET, AND INDIVIDUAL HOSPITAL INDEMNITY  
20 POLICIES.

21 (2) IF AN INDIVIDUAL IS CONFINED IN A HOSPITAL ON THE DATE  
22 COVERAGE TERMINATES, A POLICY SUBJECT TO THIS SUBSECTION SHALL CONTINUE  
23 TO PAY BENEFITS FOR THE CONFINEMENT UNTIL THE EARLIER OF:

24 (I) THE DATE THE INDIVIDUAL IS DISCHARGED FROM THE  
25 HOSPITAL; OR

26 (II) 12 MONTHS AFTER THE DATE COVERAGE TERMINATES.

27 (H) (1) THIS SUBSECTION APPLIES TO INSURERS, NONPROFIT HEALTH  
28 SERVICE PLANS, AND HEALTH MAINTENANCE ORGANIZATIONS THAT PROVIDE  
29 GROUP, BLANKET, OR INDIVIDUAL VISION BENEFITS.

30 (2) IF AN INDIVIDUAL HAS ORDERED GLASSES OR CONTACT LENSES  
31 BEFORE THE DATE COVERAGE TERMINATES, AN ENTITY SUBJECT TO THIS  
32 SUBSECTION SHALL PROVIDE BENEFITS FOR THE GLASSES OR CONTACT LENSES IF  
33 THE GLASSES OR CONTACT LENSES ARE RECEIVED BY THE INDIVIDUAL WITHIN 30  
34 DAYS AFTER THE DATE OF THE ORDER.

35 (I) (1) THIS SUBSECTION APPLIES TO INSURERS THAT PROVIDE GROUP,  
36 BLANKET, OR INDIVIDUAL ACCIDENTAL DEATH OR DISMEMBERMENT BENEFITS.

1           (2)     AN INSURER SUBJECT TO THIS SUBSECTION SHALL PROVIDE  
2 BENEFITS FOR A COVERED LOSS THAT OCCURS AFTER THE DATE COVERAGE  
3 TERMINATES IF:

4           (I)     AN ACCIDENT OCCURS WHILE THE INDIVIDUAL IS COVERED;  
5 AND

6           (II)    THE LOSS OCCURS WITHIN 90 DAYS AFTER THE ACCIDENT.

7     (J)     (1)     THIS SUBSECTION APPLIES TO INSURERS, NONPROFIT HEALTH  
8 SERVICE PLANS, HEALTH MAINTENANCE ORGANIZATIONS, AND DENTAL PLAN  
9 ORGANIZATIONS THAT PROVIDE GROUP, BLANKET, OR INDIVIDUAL DENTAL  
10 BENEFITS.

11           (2)     EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, AN  
12 ENTITY SUBJECT TO THIS SUBSECTION SHALL PROVIDE BENEFITS FOR A COURSE OF  
13 TREATMENT FOR AT LEAST 90 DAYS AFTER THE DATE COVERAGE TERMINATES IF  
14 THE TREATMENT:

15           (I)     BEGINS BEFORE THE DATE COVERAGE TERMINATES; AND

16           (II)    REQUIRES TWO OR MORE VISITS ON SEPARATE DAYS TO A  
17 DENTIST'S OFFICE.

18           (3)     AN ENTITY SUBJECT TO THIS SUBSECTION SHALL PROVIDE  
19 BENEFITS FOR ORTHODONTICS:

20           (I)     FOR 60 DAYS AFTER THE DATE COVERAGE TERMINATES IF THE  
21 ORTHODONTIST HAS AGREED TO OR IS RECEIVING MONTHLY PAYMENTS; OR

22           (II)    UNTIL THE LATER OF 60 DAYS AFTER THE DATE COVERAGE  
23 TERMINATES OR THE END OF THE QUARTER IN PROGRESS, IF THE ORTHODONTIST  
24 HAS AGREED TO ACCEPT OR IS RECEIVING PAYMENTS ON A QUARTERLY BASIS.

25     SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
26 effect October 1, 1999.